

CHAPTER 3

PROGRAM AND BUDGET AUTHORITY0301 GENERAL

The Federal budget approval process is prescribed by law and supplemented by the General Accounting Office (GAO) and the Office of Management and Budget (OMB). It includes two phases, authorization (program) and appropriation (funds). This chapter provides an overview of Army program and budget authority. See Chapter 23 for security assistance program variances.

0302 RESPONSIBILITIES

030201. The Directors, Defense Finance and Accounting Service (DFAS) Indianapolis Centers will:

- A. Establish internal control procedures.
- B. Design, operate, and maintain the official fund distribution and control system (Program and Budget Accounting System (PBAS)).

030202. Headquarters Department of the Army (HQDA) appropriation/fund sponsor will:

- A. Serve as an official within an Army staff element to supervise a designated appropriation or fund.
- B. Initiate reprogramming of funds within the designated appropriation during budget execution as the authority on resource requirements.

030203. The Deputy Assistant Secretary of the Army for Budget (SAFM-BU) will serve as head of the Army Budget Office (ABO), and have overall responsibility for budget execution of all Army appropriations, including establishment of program controls and reprogramming policy.

030204. SAFM-BU delegates authority for specific appropriations to appropriation/fund managers. The appropriation/fund manager will:

- A. Initiate requests for special apportionments through the Deputy Assistant Secretary of the Army for Budget, Management and Control Directorate (SAFM-BUC), which prepares all apportionment documents and forwards to the Office of the Under Secretary of Defense (OUSD).

B. Provide data to allow SAFM-BUC to prepare carry-over apportionments (for multi-year appropriations) at least 30 days before the end of the fiscal year (FY). The Federal Government's yearly accounting period begins on October 1 and ends on the following September 30. The fiscal year is designated by the calendar year in which it ends, that is, fiscal year 1999 began on October 1, 1998, and ended on September 30, 1999.

C. Monitor SAFM-BUC actions to initiate apportionment requests and Treasury Transfers, Standard Form (SF) 1151 (Non-expenditure Transfer Authorization), in response to OUSD guidance and validate program/fund release documents from OUSD Comptroller (OUSD(C)).

D. Ensure that sufficient budgetary resources are available for execution (for example, obligation authority, expenditure authority, cash, and so forth).

E. Through interaction with the HQDA Fund Control Officer, initiate program/fund releases and withdrawals on funding documents to Special Operating Agencies (SOAs) and General Operating Agencies (GOAs).

F. Issue initial quarterly allowances or allocations 10 calendar days before the start of each quarter. Make the allowances or allocations effective the first day of the quarter.

G. Adhere to fund control requirements as specified in Chapter 4.

030205. SAFM-BUC will:

A. Provide guidance to the appropriation/fund managers on the reprogramming process, the fund control process, and execution reporting process.

B. Designate the HQDA Fund Control Officer.

030206. The HQDA Fund Control Officer will:

A. Prepare all apportionment documents for Army appropriations based on OUSD guidance or a request for a special apportionment from the appropriation/fund manager.

B. Receive all fund control documents from the OUSD(C) and make appropriate distribution to the appropriation/fund managers.

C. Issue program and fund authorizations to HQDA, Major Commands (MACOMs), and other activities in coordination with HQDA appropriation/fund managers and sponsors.

D. Implement Army procedures applicable to administrative control of funds.

- E. Maintain operational controls and official documentation for all funding authority received by the Army.
- F. Receive validated apportionments/reapportionments, non-expenditure transfer authorizations, Treasury Warrants, and OUSD program/fund release documents, and establish appropriate controls in PBAS.
- G. Ensure that proper administrative and statutory controls are maintained on funding documents, in conjunction with appropriation/fund managers and sponsors.
- H. Validate fund and cash availability at appropriation level prior to issuing funding documents.
- I. Authorize and issue funding documents to SOAs and GOAs.
- J. Initiate all non-expenditure transfers for withdrawal of funds (in coordination with appropriation/fund managers).
- K. Serve as HQDA technical authority for fund distribution and control of appropriations.
- L. Act on all funding documents initiated by appropriation/fund managers in a timely manner.
- M. Operate as agreed to by the Assistant Secretary of the Army for Financial Management & Comptroller (ASA(FM&C)) and SAFM-BUC under emergency conditions (mobilization, communication network disruption, and so forth).
- N. Adhere to fund control requirements specified in Chapter 4.
- O. Maintain the reprogramming base and provide technical advice on reprogramming actions through coordination with the appropriation/fund managers and sponsors.
- P. Identify administrative restrictions and statutory limitations in the Appropriation Acts and other public laws through coordination with the appropriation-/fund managers and sponsors. This includes receiving documents from higher authority as they apply to specific or groups of appropriations. (That is, floors, ceilings, fences, targets, limitations, front-end reprogramming controls, and other restrictions).
- Q. Establish program control values within PBAS to maintain administrative controls on funding documents through coordination with the appropriation/fund managers and sponsors. If controls cannot be established in PBAS, pass restrictions to the proper levels through other means (message, memorandum, and so forth).

030207. Designated SOA officials will:

- A. Serve as the head of an organizational unit within a MACOM headquarters, HQDA staff element, or other agency/command.
- B. Receive allowances and funding and/or cash authority from the HQDA Fund Control Officer or a defense agency.
- C. Notify subordinate GOAs of all administrative and statutory restrictions received from HQDA.
- D. Determine whether allocations received are informally controlled (allowance) or formally subdivided (suballocation) to subordinate GOAs.
- E. Issue allowances/suballocations to subordinate GOAs.
- F. Issue initial quarterly allowances or suballocations seven calendar days before the start of each quarter. Make the allowances or suballocations effective on the first day of the quarter.
- G. Adhere to fund control requirements specified in Chapter 4.
- H. Initiate requests for unexpired funds subject to the one percent limitation, based upon valid requests received from subordinate activities. Include information required by appropriation/fund managers and sponsors.

030208. Designated GOA officials will:

- A. Serve as the head of an organizational unit within a MACOM headquarters, HQDA staff element, or other agency or command.
- B. Receive funds by allowance or allotment from the HQDA Fund Control Officer or a defense agency, or by allowance and suballocation from an SOA.
- C. Receive cash authority from an SOA or the HQDA Fund Control Officer.
- D. Inform subordinate activities about all administrative and statutory restrictions received from HQDA or SOAs.
- E. Determine whether the allocation or suballocation received will be informally controlled (allowance), formally subdivided (allotment), or maintained by centrally managed allotments (CMAs). See paragraph 040301.B this regulation and the DoDFMR, Volume 14, Appendix A for information regarding CMAs.

F. Initiate requests for customer funding documents from the Order Control Module of PBAS (for GOAs functioning as Customer Order Control Points).

G. Initiate requests for additional funding, and issue allowances and allotments to subordinate activities. This includes requests for unexpired funds subject to the one percent limitation based upon valid requests received from subordinate activities. Include information required by appropriation/fund managers and sponsors.

H. Issue funding documents at the highest level practicable with only one allowance or allotment per appropriation, per activity.

I. Account for allocations and suballocations received that will not be further subdivided as allotments (including CMAs).

J. Issue initial quarterly allowances or allotments five calendar days before the start of each quarter. Make the allowances or allotments effective on the first day of the quarter.

K. Establish procedures for administrative control of funds issued to subordinate activities.

L. Administer CMAs and ensure that they remain solvent (see Chapter 4).

M. Adhere to fund control requirements specified in Chapter 4.

N. Determine whether centralized, decentralized, or a hybrid combination of fund control procedures will be used.

1. Under centralized fund control, fund allowances, allotments and commitment records are maintained and controlled by the Director of Resource Management (DRM)/Comptroller. This includes funds received by tenants or agencies directly from GOAs. The DRM/Comptroller or delegated Army official certifies fund availability.

2. Under decentralized fund control, fund allowances and allotments are distributed to installation activities, tenants, and agencies as obligation/expense ceilings and targets. The activity, tenant, or agency will certify fund availability and maintain commitment records. However, overall responsibility for installation or agency funds still resides with the allowance or allotment holder.

3. Under the hybrid combination, fund control may be partly centralized and partly decentralized. (For example, fund control for expired years may be centralized while fund control for current year is decentralized. Control of funds for payroll may be centralized while control of other operating funds is decentralized.)

O. Perform commitment accounting as directed by Chapter 7.

- P. Adhere to fund control requirements as specified in Chapter 4.

030209. The installation commander or head of an agency, tenant activity, or other organization will be designated to receive funds from major commands or in some instances from defense agencies. Fund control responsibilities may be delegated, in writing, to the (DRM)/Comptroller or other appropriate official(s) in accordance with section 0316. Designated officials will:

- A. Receive allowances and allotments from GOAs or defense agencies.
- B. Determine whether centralized, decentralized, or a hybrid combination of fund control procedures are used.
- C. Perform commitment accounting as required in Chapter 7.
- D. Adhere to fund control requirements as specified in Chapter 4.

030210. Determinations and control requirements for installation level fund availability are based on the following types of funding actions:

- A. Direct and funded reimbursable program received from GOAs.
- B. Direct funding allowances/allotments received from GOAs. Segregate unexpired direct funds received subject to the 1 percent limitation from unexpired direct funds received for other purposes.
- C. Funded Reimbursable Authority (FRA) received from GOAs.
- D. Automatic Reimbursable Authority (ARA) footnotes received from GOAs.
- E. Cash authority (Funds with Treasury) received from GOAs.
- F. Resource authorizations issued to program and activity directors.
- G. Accepted FRA orders.
- H. Accepted ARA orders.
- I. Obligation authority received on direct fund cites.
- J. Appropriation refunds and creditable returns.

030211. The serviced activity will receive, control, validate, record, report, and analyze funds from the time they are received and issued, until either expended, withdrawn, or canceled.

A. Receiving, Controlling and Validating. Budget personnel and managerial accountants share fund control responsibilities. Either the budget analyst or managerial accountant, as determined by the DRM/Comptroller, will:

1. Establish and maintain separate transmittal control procedures for funding documents and obligation ceilings.

2. Monitor Fund Allowance System/Fund Authorization Documents (FAS/FAD). Ensure that both the budget and accounting activities receive them at the same time.

3. Review each funding document to ensure the following:

a. There are no missing funding documents. (For example, there are no breaks in FAS/FAD number sequence.)

b. The FAS/FAD issue date equals or precedes the effective date.

c. All accounting information is correct.

4. Monitor funding actions for program and activity directors who have fund certification authority. This is to ensure compliance with statutes and regulations governing the administration and control of appropriated funds.

5. Process all funding documents within one workday of receipt.

6. Verify each recorded funding document to the actual funding source document.

7. Ensure activity directors, who control their own funds, establish, maintain, and reconcile fund control records and commitment documents files. Fund control records will contain the following elements:

a. The transaction date of each entry.

b. Transaction standard document numbers (SDNs).

c. Funds received/withdrawn.

d. Funds available balance.

- e. Commitments and adjustments.
- f. Uncommitted fund balance.
- g. Obligations and adjustments.
- h. Accounting processing indicator (for example, block number, date, and so forth).
- i. Unobligated funds balance.
- j. Explanation of adjustments, if applicable.

B. Analysis. Managerial accountants will perform recurring analysis over all aspects of the direct and reimbursable fund distribution, utilization, and control process to:

- 1. Preclude errors or irregularities in documents or system by-products conveying the status of installation funds.
- 2. Detect and prevent violations of statutes pertaining to monetary limitations and proper use of appropriated funds.
- 3. Evaluate the integrity and adequacy of the installation's fund distribution and related budget execution actions.
- 4. Identify those instances where obligations are approaching fund availability limitations so that violations of the law are prevented.
- ★ 5. Determine compliance with HQDA and DFAS procedures pertaining to the maintenance and reconciliation of records and files.
- 6. Determine the efficiency and effectiveness of internal control mechanisms established to safeguard the installation's fund control process.
- 7. Ensure the integrity, accuracy, and meaningfulness of all managerial and fiduciary accounting reports reflecting the status of installation funds.

C. Reporting. Managerial accountants must provide timely, accurate, and complete information on the status of installation funds to applicable resource managers. This will facilitate their planning, budgeting, and decision-making processes. Provide data at least weekly, and daily, if necessary. The reporting procedure encompasses all formal or informal communications between accountants, local resource managers, and higher echelon activities, relative to the installation's or tenant activity's funds. Department of Defense (DoD) regulations and system output processes, for the most part, dictate the structure of the formal report process.

These structured reports are, in many instances, of a very technical nature. They require translating from accounting terminology to common terms that non-accountants can understand. Use informally developed reporting vehicles, or systems, to supplement the formal reports to the extent practical. Analysis efforts and the subsequent reporting of the results and evaluations must be responsive to the needs of managers. Restricting the application of the accountants' analytical abilities and reporting to the standard formal report data fails to give full worth to the resource manager and commander. Make reports clear, concise, and relevant to the information needs of the recipient.

0303 THE ARMY'S PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION SYSTEM (PPBES)

030301. General. PPBES, the Army's counterpart to the DoD Planning, Programming, and Budgeting System (PPBS), is the Army's primary resource management system. PPBES uses a structured process that defines resource requirements in progressively greater detail. The process starts by translating national security objectives into military requirements, which drive the creation of programs, which in turn drives the creation of budgets. The ASA(FM&C), with the Assistant Vice Chief of Staff of the Army, manages the overall PPBES.

030302. Planning. The objective of the planning phase of PPBES is to identify the Army capabilities that are required to support the national military strategy. These capabilities are defined in terms of force size and structure, manning requirements, materiel capabilities, training requirements, and sustainment needs. The Deputy Chief of Staff for Operations (DCSOPS) manages the planning phase. The product of the planning phase is The Army Plan (TAP), the primary purpose of which is to provide prioritization guidance to support programming, budgeting, and execution. TAP, which is published in December, contains three sections. Section 1 establishes the Army's Strategic Planning Guidance (ASPG), a high-level analysis that identifies required Army capabilities. Section 2, the Army Program Guidance, translates the ASPG into requirements for each of the Army's mission areas. Section 3, the Army Program Guidance Memorandum, provides specific goals, objectives, and resource tasks to each of the Army's six Program Evaluation Groups (PEG).

030303. Programming. The objective of the programming phase of PPBES is to allocate projected resources among competing requirements in order to provide the required capabilities identified in the planning phase. The Director of Program Analysis and Evaluation (DPAE) manages the programming phase. Under the DPAE's guidance, PEGs have primary responsibility for developing the program. There are six PEGs, one for each of the Army responsibilities that derive from Title 10 of the United States (U. S.) Code: organizing, manning, training, equipping, sustaining, and installations. The primary output of the programming phase is the Program Objective Memorandum (POM), which reflects the Army's resource allocation decisions. Submitted in May or June of each year to the Office of the Secretary of Defense (OSD), the Army POM is reviewed during the OSD Program Review, and OSD decisions are published in one or more Program Decision Memorandums (PDM).

030304. Budgeting. The objective of the budgeting phase of PPBES is to convert program decisions into requests for congressional authorization and appropriations. The Deputy Assistant Secretary of the Army for Budget (DASA(B)) manages the budgeting phase and provides guidance to HQDA appropriation sponsors, who have primary responsibility for preparing budget documents. There are two primary outputs of the budgeting phase; the Budget Estimates Submission (BES) and the President's Budget (PB). In mid-September, the Army submits the BES to OSD for a Budget Review conducted jointly by OSD and OMB. To the extent that PDM decisions have been published in time to be incorporated into the BES, it will reflect the OSD decisions made during the OSD Program Review. During the joint OSD-OMB Budget Review, decisions on each portion of the BES are published in Program Budget Decisions (PBD). When all PBDs have been published, the Army submits the PB to OSD, which in turn submits it to Congress in early February.

030305. Integrated Resource Formulation Process. A recent initiative of HQDA, the Integrated Resource Formulation Process represents a significant streamlining of the traditional procedures for producing the POM and the BES. Under the traditional procedures, the Army used two separate, sequential decision-making processes to develop its POM and BES. The new, integrated approach is a single process that calls for PEGs and appropriation sponsors to work more closely together in developing the POM. In this manner, budget-related issues are addressed before program decisions are made rather than after the fact. This results in a program that is easier for the DASA(B) to defend and justify during the OSD-OMB Budget Review, and thus makes it easier for the Army to obtain the resources needed to accomplish its missions. While the old process sometimes allowed major POM decisions to be revisited prior to submission of the BES, the integrated process allows changes to be made only to correct technical errors (such as the use of an incorrect program element code) or to reflect new facts that were not known when the POM was submitted (such as congressional action on the current year's budget, or changes in various rates and prices that are outside the Army's control).

030306. Biennial resource cycle.

A. DoD PPBS. In theory, the DoD PPBS is on a biennial (i.e., two-year) cycle. The biennial cycle calls for a six-year POM and a two-year BES to be submitted in each even-numbered year and a one-year BES to be submitted in each odd-numbered year. Each BES is followed by a joint OSD-OMB Budget Review and then by submission of the PB. As a practical matter, however, the PPBS is an annual cycle, and the Services and Defense Agencies are invariably required to submit what amounts to a POM each spring, followed by an OSD Program Review. The odd-year POM is sometimes referred to as a "POM Update or mini POM." The POM Update usually requires slightly fewer data displays than does a complete POM, and, rather than calling for the preparation of a complete six-year program, requires only an updating of the years contained in the previous POM submission. For example, the POM submitted in calendar year 1996 covered FY 98 through FY 03 (six years), while the POM Update submitted in 1997 covered only FY 99 through FY 03 (five years).

B. Army PPBES. PPBES is designed to meet the requirements for annual submission of the POM, POM Update, BES and PB. In the planning phase, however, the Army

remains on a two-year cycle, producing TAP in December of the odd-numbered years to guide the development of the full six-year POM in the even-numbered years.

030307. Role of MACOMs. The planning function is primarily the responsibility of HQDA, with little direct involvement by MACOMs. MACOMs, however, do play a key role in the integrated development of the POM and the BES. The MACOMs' primary responsibility is to provide input to the integrated process. This input, which takes the form of MACOM POMs, budget schedules, and responses to requests for supporting information, serves several purposes. First, the MACOM POM and budget schedules enable MACOMs to inform HQDA of their resource requirements and recommendations, consistent with the prioritization guidance issued by the Headquarters. Second, MACOM input is critical in ensuring that HQDA resource allocation decisions are properly implemented at the detail level. And third, an ongoing dialogue between MACOMs and HQDA PEGs and appropriation sponsors helps to ensure that HQDA personnel have a sound understanding of MACOM requirements to support their decision-making.

030307. Execution. This is the last phase of the Army's PPBES. It begins when annual appropriations acts have been signed into law and funds have been made available in the Treasury. Execution is made up of many functions including fund control, commitment/obligation management, reimbursable activity, and cash/debt management. It requires extensive accountant involvement in processing financial data and coordinating with the budget community. Other requirements during this phase include generating accounting reports, analyzing execution results, performing joint reconciliations, and advising resource managers of current and potential trends and problems. The key components of the execution phase are controlling the use of the appropriated funds to assure compliance with the appropriation acts, as well as making the best possible use of the funds that are available

0304 AUTHORIZATION (PROGRAM)

The authorization process, or Acts, are the programs of the Congress and the President. This process provides bulk authorization for some purposes (Annual Funding Program) and specific amounts for others (approved programs). When authorizations are in specific amounts, reprogramming is required before the amounts may be exceeded. Reprogramming authority is sometimes delegated by the Congress within certain limitations or thresholds. Reprogramming authority delegated by the Congress to the Departments may be further delegated or restricted by the OUSD to the Army. Exceeding certain program or reprogramming authority is an antideficiency violation. See the Department of Defense Financial Management Regulation (DoDFMR), Volumes 2 and 14 for more information on authorizations and antideficiency violations, respectively.

0305 PROGRAM DISTRIBUTION

Distribute program resources through PBAS for all appropriations. All elements involved in program distribution will:

- A. Establish written controls and procedures to prevent over-distribution.
- B. Adhere to program restrictions received on distribution documents.

0306 REPROGRAMMING

Reprogramming is the transfer of program, and in some cases funds, for purposes other than those originally approved by the Congress. Reprogramming actions do not represent requests for additional authority from Congress. Rather, they normally involve the reapplication of authority already approved. A reprogramming action can, however, involve the increase of quantities to be procured. Guidance for reprogramming is published in the DoDFMR, Volume 3, Chapters 6 and 7.

0307 APPROPRIATIONS

030701. Appropriations are statutory authorities to incur obligations and make payments out of the Treasury for specified purposes. For more information on appropriations, see the DoDFMR, Volume 3, Chapter 13. The Army receives most of its funds through two annual Appropriation Acts. Both Acts must be passed by Congress and approved by the President of the United States. These Acts are:

A. The Department of Defense Appropriation Act (for Military Personnel; Operation and Maintenance (O&M); Procurement; and Research, Development, Test, and Evaluation (RDT&E) Appropriations); and

B. The Military Construction Appropriation Act (for Military Construction and Family Housing Appropriations).

030702. Obligation authority is provided for varying periods.

A. Annual, which is available for obligation during a specific FY, after which it expires and is available for adjustments only.

B. Multi-year, which is available for obligation during a specific number of years, after which it expires and is available for adjustments only.

C. No-year, which is available for obligation indefinitely.

030703. After the President of the United States signs an Appropriation Act, the Treasury issues Appropriation Warrants to establish "bank accounts" for each appropriation. The Treasury Warrant gives the Army authority to disburse funds from those accounts. Without this authority, the Army cannot make any payments citing its appropriations.

030704. Augmenting appropriations is not authorized unless provided for by specific statutory or reimbursement program authority. Instances may also arise when amounts refunded on a contract exceed amounts previously paid. For example, when the U.S. Government is to receive funds not previously withheld from a contractor as a result of a contract or contract related litigation. When this situation occurs, credit the affected appropriation on the contract only up to an amount necessary to place that appropriation in the

same position it would have been had there not been a mistaken/erroneous disbursement or an adverse contractor action. Deposit any remaining balance received to the Miscellaneous Receipt Account.

0308 CONTINUING RESOLUTION AUTHORITY

A continuing resolution authority (CRA) is an interim appropriation to be used until permanent appropriations are enacted. CRAs are discussed in the DoDFMR, Volume 3, Chapter 13. To ensure that consistent, up-to-date information is released, ABO issues a pamphlet and sequentially numbered messages addressing operations during a CRA period.

0309 APPROPRIATION TRANSFERS

Appropriation transfers are distributions of one agency's budgetary resources to another. They are discussed in the DoDFMR, Volume 3, Chapter 13.

0310 APPORTIONMENTS AND REAPPORTIONMENTS

031001. Apportionments and reapportionments are distributions made by OMB of amounts available for obligation in an appropriation of fund account. They are discussed in the DoDFMR, Volume 3, Chapters 2 and 13. Apportionments may include authority to obligate:

- A. Unobligated carryover from prior years for multi-year/no year appropriations.
- B. Funds directly appropriated by law.
- C. Specific amounts for specific reimbursable purposes (funded reimbursements).
- D. Automatically, based on the receipt of a reimbursable order (automatic reimbursements).

031002. Appropriation managers at ABO and other HQDA staff elements will initiate requests for apportionments through the Management and Control division, OUSD, and OMB prior to passage of the Appropriation Acts using SF 132 (Apportionment/Reapportionment Schedule). Approved apportionments are the "bottom line" amounts for controlling appropriations in PBAS.

031003. When funds are transferred to another appropriation, the transferor will obtain the apportionment. For example, Army Military Construction funds transferred from the Army to the Department of Transportation.

031004. When funds are transferred between appropriations, apportionment to the receiving appropriation may be required. (For example, from Operation and Maintenance, Army

to Operation and Maintenance, Air Force.) In these instances, the transferee will submit the request for apportionment. (See OMB Circular A-34, Instructions on Budget Execution.)

0311 OUSD PROGRAM/FUND RELEASES

031101. In addition to participating in the apportionment process, OUSD also exercises authority to further restrict program and fund utilization. OUSD currently does this using:

A. SD Form 440 (Investment Program/Fund Approval for Direct Obligations) for RDT&E and Procurement.

B. SD Form 460 (Military Construction and Family Housing Program/Fund Approval) for military and family housing construction appropriations.

C. Letter or memorandum for Military Pay and O&M appropriations.

031102. OUSD uses these release documents as a means to further subdivide funds at more detailed levels. In the procurement, RDT&E, and military construction appropriations, each budget line item, program element, and construction project/program is identified as a formal subdivision subject to the provisions of the Antideficiency Act (31 United States Code (U.S.C.) 1517). If Army activities exceed these amounts by more than the delegated reprogramming authority, a statutory violation may occur. In other appropriations, OUSD identifies formal subdivisions for selected activities such as foreign currency fluctuations.

0312 ALLOWANCES/ALLOCATIONS

031201. Allowances/allocations are informal/formal subdivisions of funds made by HQDA to SOAs and GOAs. HQDA Form 1323 (FAS/FAD) is used to allocate funds for all appropriations. For procurement and RDT&E appropriations, use a separate document to issue program amounts by budget line and program element in addition to HQDA Form 1323. For other appropriations, the HQDA Form 1323 identifies major programs and subprograms, administrative and statutory restrictions, and management date on a single document.

031202. Fund controls for allowances and allotments are established in PBAS based on approved apportionments or reapportionments, OSD program/fund releases, and Treasury Warrants. After these authorities are loaded in PBAS, HQDA appropriation/fund managers and sponsors will initiate FAS/FADs to MACOMs. In addition, the Fund Control Officer, in coordination with appropriation/fund managers and sponsors will establish administrative and statutory controls within appropriations. (For example: floors, ceilings, fences, targets, limitations, front-end reprogramming controls, and so forth.) These "within appropriation" controls are generally included on the FAS/FAD along with footnotes providing detailed explanations of statutory or administrative limitations. The completed FAS/FAD is automatically approved in PBAS.

031203. FY 96 and prior funds apportioned to DoD (Department code 97) may be issued to the Army using SD Form 447 (Fund Authorization). SD Form 447 is both an administrative subdivision of funds (31 U.S.C. 1514) and an approved rate of obligation (10 U.S.C. 2204). FY 97 and subsequent funds are issued through the PBAS OSD Module.

0313 ALLOWANCES/SUBALLOCATIONS

Allowances/suballocations are informal/formal subdivisions of funds made by SOAs to GOAs. (For example: Army Materiel Command (AMC) HQ issues funds to a subordinate command, such as the Army Tank and Automotive Command.)

0314 ALLOWANCES/ALLOTMENTS

031401. GOAs may distribute funds, informally as allowances or formally as allotments. Each allowance or allotment must be designated in PBAS by establishing allotment serial numbers (ASNs) for activities. The ASN is used to identify funds for distribution and accounting purposes. Issue both allowance and allotments on HQDA Form 1323. As in the allocation process, issue separate program documents for procurement and RDT&E appropriations to identify budget line and program element in PBAS. For all other appropriations, use a single HQDA Form 1323 to distribute program and funds.

031402. Allowances are informal distributions of funds made by GOAs and SOAs to installation commanders or activities through use of targets, which may be restricted to execute specific missions. Incurring obligations and disbursements in excess of this target will not result in a statutory violation if the OA has sufficient funds available in its allocation or suballocation. Use HQDA Form 1323 to distribute allowances under FAS in PBAS. This document is identical to the FAD except for its name and a footnote explaining the implications if the target is exceeded. Activities receiving allowances must abide by all administrative procedures established by the activity which issued the FAS document. Once funds are issued as allowances, they must remain as informal distributions to all activities in the funding chain.

031403. Allotments are formal subdivisions of funds made by GOAs to installation commanders or activities, which may be restricted to execute specific missions. A statutory violation occurs if obligations or disbursements exceed the amount of the allotment. Issue allotments on HQDA Form 1323 through PBAS.

031404. The level and intensity of fund controls remain the same whether funds are distributed formally or informally. If allowances are exceeded, appropriate actions must be taken to resolve the funding problem and prevent an antideficiency violation from occurring. This includes reprogramming, recoveries (formerly deobligations) scrubs, reviewing order performance, modifying existing contracts/orders, and requesting additional funding through normal budgetary channels. Any resultant antideficiency violation may name the individuals responsible for exceeding their allowances as being responsible for the violation. See the DoDFMR, Volume 14, for more information on fund control and antideficiency violations.

0315 INTERNAL FUND DISTRIBUTION

All subsequent distributions made by recipients of GOA issued FAS/FADs are informal and outside of PBAS control. This includes targets or ceilings to installation activity directors, satellites, and other activities. Document and control these distributions using local procedures. Requirements for fund certification and commitment accounting are prescribed in paragraph 0317 and in Chapter 7 respectively.

0316 DELEGATION OF AUTHORITY

031601. A civilian head or military commander may delegate authority for administrative control of funds as necessary to support mission accomplishment.

A. Delegate in writing to a position or named individual as deemed appropriate by the fund holder. When delegating to a position, an individual must be readily identifiable at any given time. The recipient of the funds must approve the delegation in writing.

B. Delegations may:

1. Include the authority to further distribute funds and delegate responsibility for fund control.

2. Impose restrictions required to maintain control of these funds.

031602. Civilian heads or military commanders delegating this authority may be held responsible for violations that result from failure to comply with fund control policies or procedures.

031603. The civilian head or military commander of a unit, organization, or separate activity funded directly by a higher command is responsible for the control of his or her funds. The funded civilian head or military commander will furnish:

A. Written policy and procedures, within governing regulations to be used to control the funds.

B. Written guidance on the programmed use of the funds.

C. Copies of applicable funding or limiting documents.

0317 CERTIFICATION OF FUND AVAILABILITY

031701. The certification of fund availability is required for unexpired and expired appropriations. See Chapter 12 for special requirements that must be met before certifying fund availability for acquisitions from non-DoD agencies under the Economy Act.

031702. Funded commanders (that is FAD recipients) may delegate authority to establish and maintain administrative control of funds. Funded commanders may also withdraw that authority at any time based on their determination of management priorities. (See section 0316).

031703. Finance and accounting officers (non- capitalized), who have the authority to certify fund availability, may delegate the authority to certify fund availability as required to support mission requirements. (See section 0316.)

0318 OTHER FUNDS

★ Coordinate with the DFAS Center for Sustaining Forces - Indianapolis, Accounting Procedures Division prior to accepting an allotment of funds, reimbursement authority, or any other cross service funding agreement with the Air Force. There are additional accounting reports required. See the DoDFMR, Volume 6, paragraph A040203.

0319 NON-STATUTORY MANAGEMENT CONTROLS

Fund distributions at all levels may include controls not based on a statute. Although not subject to 31 U.S.C. 1517, these non-statutory management controls will not be exceeded.

0320 COMPUTATION

032001. The usual method for computing funds available is to total:

- A. Unobligated funds carried forward.
- B. Direct funds received or withdrawn.
- C. Funded reimbursable orders received and accepted. Orders may be received in excess of FRA, but may not be executed until additional FRA is obtained from ABO. FRA appears on a FAS/FAD as a dollar amount (ceiling) and cannot be exceeded without obtaining additional FRA authority.
- D. Automatic reimbursable orders received and accepted. ARA appears on a FAS/FAD as a narrative footnote with no dollar amount and only approves the authority to engage in automatic reimbursement activity.

032002. Exceptions to fund computation:

- A. Increase funds available upon receipt of orders from state, local, or foreign governments (non-foreign military sales (FMS)); corporations; Nonappropriated Fund Instrumentalities (NAFIs); or persons only when cash is received. The exception is that available funds may be increased based on earnings when goods or services are furnished under emergency conditions.

B. For funded reimbursable orders received and not accepted, do not increase funds available in excess of FRA.

C. Fund availability for expired appropriations (not closed) may be increased for funded reimbursable order adjustments, not to exceed the unused FRA at expiration. If additional FRA is needed, request it from the next higher echelon. Do not use direct funds while awaiting additional FRA from the next higher echelon.

D. Funds from replacement modernization sales of items financed from procurement appropriations are not available for obligation to generating activities.

E. FMS funds available is the total of:

1. Current year obligational authority pulled from Program and Budget Accounting System – Order Control (PBAS-OC) and

2. Unobligated funds carried forward.

F. For the Homeowners' Assistance Program (do not include prior-year unobligated balance), add the following:

1. Direct funds received.

2. FRA increases or decreases.

3. Mortgages assumed, not to exceed the ceiling on FAS/FAD.

4. Mortgage liquidations from sales.

G. For the Cemetery Expenses, Army appropriation, compute funds available by totaling the following:

1. Unobligated funds carried forward, reappropriated, and shown on the FAS/FAD.

2. Prior year recoveries reapportioned and shown on the FAS/FAD.

3. Direct funds received or withdrawn.

4. Funded and automatic reimbursement orders received and accepted when authorized on the FAS/FAD.

5. Neither recoveries nor fiscal year-end unobligated balances are available for obligation until authorized on the FAS/FAD. These amounts will be shown on the FAS/FAD in footnotes.

6. Record unobligated balances brought forward in the funds received account. Recoveries will remain in the recoveries column of the RCS CSCFA-218 report (see Chapter 28 this regulation and the DoDFMR, Volume 6).

7. The Superintendent of Arlington National Cemetery determines program distribution of reappropriated unobligated balances. This includes prior year recoveries unless otherwise stipulated by higher authority.

H. For the Fish and Wildlife appropriation, compute funds available for obligation in the current year by totaling the following:

1. Unobligated funds carried forward, reapportioned on the SF 132, Apportionment and Reapportionment Schedule. Corps of Engineers will receive the SF 132 for the total program. MACOMs/installations will use year-end reports to determine unobligated funds carried forward. These funds are available for obligation but are not reflected on the current year FAS document/FAD.

2. Prior year recoveries reapportioned on the SF 132, Apportionment and Reapportionment Schedule. Corps of Engineers will receive the SF 132 for the total program. MACOMs/installations will use year-end reports to determine prior year recoveries. These funds are available for obligation but are not reflected on the current year FAS document/FAD.

3. Current year collections/receipts that are received and authorized on the current year FAS document/FAD. Obligations from current year collections/receipts are limited to the lesser of current year obligation authority issued on FAS document/FAD or current year collection/receipts.

DELEGATION OF OBLIGATION AUTHORITY

ACTIVITY	ACTION	RECIPIENT
US Congress	Appropriates	OMB
Office of Management and Budget	Apportions	OUSD/HQDA
Office, Under Secretary of Defense	Subapportions Releases program/fund availability	HQDA (DoD Appropriations) HQDA (Army Appropriations)
Headquarters, Department of Army	Allocates	SOAs/GOAs
Special Operating Agency (SOA)	Issues allowances or suballocates	Subordinate GOAs
General Operating Agency (GOA)	Issues allowances or allotments	Installations/activities
Installation/Activity	Issues targets, ceilings, directs citations, or reimbursable orders	Activity directors, tenants, satellites, and so forth.

Table 3-1

DELEGATION OF OBLIGATION AUTHORITY
IMET PROGRAM AND FMS CREDIT

ACTIVITY	ACTION	RECIPIENT
US Congress	Appropriates	OMB
OMB	Apportions	Directorate of Security Assistance (DSCA)
DSCA	DD Form 1151 voucher	DFAS-DE/I
DFAS-DE/I	Sets cash ceilings for cash cases	Allottee
Allottee (GOA)	Directs citations, reimbursable orders, Project Work Directives (PWDs)	Activity directors, installations, and so forth.

Table 3-2

DELEGATION OF OBLIGATION AUTHORITY
FMS CASH (DEPENDABLE UNDERTAKING)
AND FMS ADMINISTRATIVE FUNDS

ACTIVITY	ACTION	RECIPIENT
DSCA	Apportions administrative funds	DFAS-DE/I
DFAS-DE/I	Sets cash ceilings for cash sales	Allottee
HQDA (ABO)	Sets program ceilings for administrative funds	Activity directors, installations, and so forth.
GOA (Allottee)	Direct citations, reimbursable orders, PWDs	Activity directors, installations, and so forth.

Table 3-3